

## Mixed

The Federal Reserve followed-through and provided an interest rate cut but concerns over the AI trade left markets mixed last week. The S&P 500 Index finished last week -0.6%, the Dow Jones Industrials +1.1%, and the NASDAQ -1.9%. The Materials, Financials and Industrials sectors led the S&P 500 Index, while the Communication Services, Technology, and Utility sectors lagged. The 10-year U.S. Treasury note yield was 4.192% at Friday's close versus 4.139% the previous week.

The Federal Reserve reduced short-term interest rates by 0.25% to a 3.50% to 3.75% target range at its December policy meeting. The updated Summary of Economic Projections sees one additional 0.25% reduction in 2026 which CME Fed funds futures are currently forecasting for March.

The government is still playing catch-up on backlogged economic data. Scheduled releases for this week include the November Employment Situation Report, October and November Retail Sales, and September Housing Starts.

Fourteen companies in the S&P 500 Index are scheduled to report fourth quarter earnings this week. For the fourth quarter, S&P 500 Index earnings are expected to grow by 8.1% with revenue growth of 7.5%. Full-year 2025 earnings are expected to grow by 12.1% with revenue growth of 6.9%.

In our *Dissecting Headlines* section, we look at the key takeaways from last week's Federal Reserve policy meeting.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-0.6%	17.5%	Aggregate Bond Index	-0.2%	6.6%
Dow Jones Industrial Average	1.1%	15.8%	U.S. Dollar Index	-0.6%	-9.3%
NASDAQ 100	-1.9%	20.7%	WTI Crude Oil	-4.4%	-19.9%
Russell 2000 (Small Cap Index)	1.2%	15.9%	Gold	2.5%	63.9%
International Stocks (MSCI ex-US)	0.8%	31.4%	Real Estate (US REIT Index)	-0.8%	2.9%

Sources: S&P Global, FactSet

## Dissecting Headlines: Fed Meeting Summary

The Federal Reserve reduced short-term interest rates by 0.25% to a 3.50% to 3.75% target range. This was the third rate cut of the year, totaling 0.75%. The total for rate cuts in 2024 was 1.00%. It may be distant memory, but the Fed funds rate target range was 5.25% to 5.50% in mid-2023.

The vote was 9-3 to lower rates by 0.25% with two dissents for no action, from Chicago Fed president Austan Goolsbee and Kansas City Fed president Jeffrey Schmid, and one vote for a 0.50% cut from Fed governor Stephen Miran.

In addition to lowering interest rates, the Fed also announced it will resume buying Treasury securities. It will start by buying \$40 billion in Treasury bills here in December. Purchases are expected to continue for several months. The Fed will make an announcement around the 9th of each month of its planned purchases for a 30-day cycle.

The updated Summary of Economic Projections shows one additional 0.25% rate cut in 2026. The changes in the economic outlook for 2026 are Gross Domestic Product (GDP) rising to growth of 2.3% versus prior expectation of 1.8% for 2026 and 1.7% in 2025, unemployment at 4.4% for 2026 which was no change from prior expectation and versus 4.5% for 2025, and inflation at 2.4% for 2026 versus 2.6% prior expectation and 2.9% for 2025 with 2026 core inflation at 2.5% versus 2.6% prior expectation and versus 3.0% for 2025.

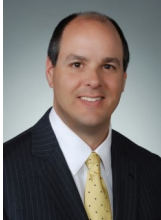
The policy debate heading into 2026 remains split between supporting a declining labor market versus guarding against a resurgence of inflation.

## The NovaPoint Team



**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointgroup.com](mailto:jsroka@novapointgroup.com)**

Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked as an equity research analyst at Merrill Lynch and ABN Amro. Before beginning his investment career, Joe was an Infantry officer in the U.S. Army. Joe holds a BS from the U.S. Military Academy at West Point and an MBA from the University of Chicago. He is both a Chartered Financial Analyst (CFA) and a Chartered Market Technician (CMT).



**Alan J. Conner / President and Chief Compliance Officer / [aconner@novapointgroup.com](mailto:aconner@novapointgroup.com)**

Alan has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a fixed income manager at both Spectrum Advisory Services and a private family office. Alan was also with the Bank Group division of Countrywide Capital Markets where he developed balance sheet strategies for depository institutions. He holds a BS in Banking and an MBA in Finance from Nova Southeastern University. Alan is an endurance athlete and three-time IRONMAN finisher.



**Frederick Wright, CFA / Managing Director & Portfolio Manager / [fwright@novapointgroup.com](mailto:fwright@novapointgroup.com)**

Frederick has over 30 years of experience in the investment management industry. Prior to joining NovaPoint, Frederick was a Partner and Investment Advisor at Brightworth where he advised high net worth investors. Frederick began his investment career in 1991 at Balentine & Co where he rose to Partner. He also co-founded and served as Chief Investment Officer at Wright Investment Management and at Smith & Howard Wealth Management. Prior to beginning his investment career, Frederick served as an Engineer officer in the U.S. Army. He holds a BS from the U.S. Military Academy at West Point and an MBA from Emory University. Frederick is a Chartered Financial Analyst (CFA).



**Larry Dixon, EA / Tax Managing Partner / [ldixon@novapointgroup.com](mailto:ldixon@novapointgroup.com)**

Larry leads NovaPoint's accounting, tax and outsourced CFO business. He built his previous company, Atlas Solutions, as a solo entrepreneur before merging into NovaPoint CFO. Larry began his career as a Field Artillery officer in the United States Army. Larry earned his Bachelor of Science degree from the U.S. Military Academy at West Point, where he was a four-year letterman on the football team. Larry is a certified Enrolled Agent, recognized by the U.S. Department of the Treasury to represent taxpayers before the Internal Revenue Service.



**Meghan Hoover / Investment Associate / [mhoover@novapointgroup.com](mailto:mhoover@novapointgroup.com)**

Meghan is an Investment Associate focusing on financial planning. Prior to joining NovaPoint, Meghan spent 18 years in government service as an Operations Officer in military intelligence. She holds two Bachelor of Science degrees from the University of Maryland and a Master of Science from the Joint Military Intelligence College. Meghan has additional education specializing in financial planning and is a member of the Financial Planning Association.

**NovaPoint Capital LLC** (referred to herein as "NovaPoint" or "the Company") is registered with the SEC as an investment adviser, but registration does not imply any certain level of skill or training. The information contained in this document has not been filed with, reviewed by or approved by any regulatory or self-regulatory authority.

**Not an offer of advisory services or securities:** This document is limited to the dissemination of general information about the services provided by the Company and is provided for informational purposes only. This document is intended for residents of the United States only and the information contained herein does not constitute and should not be construed as an offering of advisory services or an offer to sell or solicitation to buy any securities or other financial instruments in any jurisdiction in which such offer or solicitation, purchase or sale would be unlawful under the securities, or other applicable laws of such jurisdiction. Nothing contained in this document constitutes tax, legal or investment advice. Responses to any inquiry which may involve the rendering of personalized investment advice for compensation or effecting or attempting to effect transactions in securities will not be made absent compliance with state broker-dealer, investment adviser, broker-dealer agent or investment adviser representative registration requirements, or applicable exemptions or exclusions from such requirements.

**Investment risk:** The Company makes no representation, and it should not be assumed, that past investment performance is any indication of future results. Moreover, wherever there is the potential for profit there also is the possibility of loss. Certain of the Company's strategies may involve investments that are illiquid, are subject to a substantial risk of loss and are not suitable for certain investors.

**Limitation of liability:** While the Company uses reasonable efforts to include accurate and up-to-date information in this document, errors or omissions sometimes occur. The Company makes no warranties or representations as to the accuracy of this document. Opinions expressed herein are subject to change without notice. Under no circumstances shall the Company or any party involved in creating, producing, or delivering this document be liable for any direct, incidental, consequential, indirect, or punitive damages that result from the use of the information contained in this document, even if the Company's authorized representative has been advised of the possibility of such damages. Applicable law may not allow the limitation or exclusion of liability or incidental or consequential damages, so the above limitation or exclusion may not apply to you.

**Trademarks and copyrights:** All trademarks, service marks, trade names, logos, and icons are proprietary to the Company. Nothing contained in this document should be construed as granting, by implication, estoppel, or otherwise, any license or right to use any trademark displayed in this document without the prior written permission of the Company or such third party that may own the trademarks displayed in this document. Your use of the trademarks displayed in this document, or any other content in this document, except as provided herein, is strictly prohibited.